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Indiana Department of Financial Institutions

BANK ON IT



Take Home Guide

Building: Knowledge,
Security, and Confidence

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Money Smart

The *Money Smart* curriculum is brought to you by the Indiana Department of Financial Institutions/Federal Deposit Insurance Corporation (FDIC). The *Money Smart* program includes the following courses:

- **Your Rights**
your rights as a consumer
- **Bank On It**
an introduction to bank services
- **Check It Out**
how to choose and keep a checking account
- **Money Matters**
how to keep track of your money
- **Pay Yourself First**
why you should save, save, save
- **Borrowing Basics**
an introduction to credit
- **To Your Credit**
how your credit history will affect your credit future
- **Charge It Right**
how to make a credit card work for you
- **Your Own Home**
what homeownership is all about
- **Loan to Own**
know what you're borrowing before you buy

Bank On It

Welcome to Bank On It! By taking this course, you are making an important first step to building a better financial future for you and your family. It all starts with understanding the basics of personal finances.

This course introduces the basics of banking—from the different types of financial institutions to the services they might offer. When you have completed this course, you will be able to begin using the services of a bank or other financial institution.

See the Indiana Department of Financial Institutions' Web Sites on Banking at:
<http://www.dfi.state.in.us/conscredit/CIbanking.htm>.

Also see Mini-Lesson on Banking Basics at:
http://www.dfi.state.in.us/conscredit/MiniLessons/banking_basicsMini.htm and
Electronic Banking at
http://www.dfi.state.in.us/conscredit/MiniLessons/what_is_electronic_banking.htm.

Frequently Asked Questions

What is a Bank?

A bank is a business that offers you a place to keep your money and uses it to make more money. This business is also called a financial institution. Banks offer different services for keeping your money at their business.

Why should you keep your money in the bank?

Reasons why you should keep your money in the bank include:

- **Safety** – Money is safe from theft, loss, and fires.
- **Convenience** – You can get money quickly and easily.
- **Cost** – Using a bank is probably cheaper than using other businesses to cash your check.
- **Security** – The basic insured amount of a depositor is \$100,000. This means that if for some reason the bank closes and cannot give its customers the money they had in the bank, the Federal Deposit Insurance Corporation (FDIC) will return the money to the customer.

You can tell if the FDIC insures a bank by the FDIC logo. Similarly, most credit unions are insured by the National Credit Union Administration (NCUA).

- **Financial Future** – Building a relationship with a bank will establish a record of paying bills, can help you save money, and is necessary for getting a loan.

Choosing a Bank

When looking for a bank, take this checklist with you. The questions below can help you choose a bank that is right for you.

	Bank A	Bank B	Bank C
Name of Bank			
Does it offer the services I need?			
Is it close to home?			
Does it have reasonable hours?			
Does it have ATMs? If so, are they located near where I live, work, or shop?			
If I am choosing a credit union, am I eligible?			
Do any employees speak my language?			
What, if any fees will be charged?			
Is this bank insured?			

Choosing an Account

When looking for an account, take this checklist with you. The questions below can help you choose an account that is right for you.

	Bank A	Bank B	Bank C
Type of Account			
How much money do I need to open the account?			
How much do I have to keep in my account to avoid fees?			
What are the fees for bounced checks?			
How many checks can I write before extra fees are charged?			
How many withdrawals can I make each month?			
Does this account pay interest?			
Does an ATM or debit card come with this account?			
Will I be charged to use the ATM or debit card at this bank?			
Will I be charged to use the ATM or debit card at another bank?			
Are there any other fees?			

Glossary

Account Verification $\frac{3}{4}$ Before opening an account, most banks will review your history of using checking accounts through companies such as TeleCheck or ChexSystems. Some banks will run a full credit report to determine the level of risk.

The account information is collected from financial institution. If you have a history of bouncing checks or misusing your accounts, financial institutions may not open an account for you.

Automated Teller Machines (ATMs) $\frac{3}{4}$ This is a computer where you can deposit, withdraw, or transfer money from one account to another 24 hours a day. Use of an ATM requires a card issued by the bank and a personal identification number (PIN). A PIN is a special password or set of numbers to use your debit or ATM card. The PIN is used for security purposes, so no one else can access your account.

You can use the ATM for many services, but there might be a fee involved. Most people use the ATM to get cash from their account. If you use another bank's ATM, you might be charged an additional fee. Generally, you can only make deposits at your bank's ATM.

Balance $\frac{3}{4}$ Balance is the amount of money you have in your bank account.

Bank $\frac{3}{4}$ A bank is a business that offers you a place to keep your money and uses it to make more money. Banks offer you different services for keeping your money.

Branch Manager $\frac{3}{4}$ A branch manager is the person who supervises the bank operations and helps fix problems that cannot be solved by other bank workers.

Checking Account $\frac{3}{4}$ A checking account is an account that lets you write checks to pay bills or to buy goods. The financial institution takes the money from your account and pays it to the person named on the check. The financial institution sends you a monthly record of the deposits made, withdrawals, and the checks written.

Credit Union $\frac{3}{4}$ A nonprofit financial institution owned by people who have something in common. You have to become a member of the credit union to keep your money there.

Customer Service Representative or New Account Office $\frac{3}{4}$ The customer service representative is the person who can help you open your account. The representative explains services, answers general questions, refers you to a person who can help you, and provides written information explaining the bank products.

Debit Card $\frac{3}{4}$ A debit card is a plastic card sometimes called a "Check Card." The debit card has a MasterCard or Visa logo and a magnetic strip on the back that allows you to pay for goods and services at stores and other businesses that accept MasterCard or Visa credit cards. When you use a debit card, the money comes out of your bank account immediately.

Deposit Products ³/₄ Deposit products are bank accounts that allow you to add money to the account. Checking and savings accounts are two examples of deposit products.

Deposit ³/₄ A deposit is money you add to your account. When you add money to your account, you must fill out a deposit slip. A deposit slip tells the bank how much money you are adding to your account.

Direct Deposit ³/₄ Direct deposit is one method your employer or a government agency might choose to give you your paycheck or benefit check. With direct deposit, your paychecks or benefits checks are electronically transferred and directly deposited into your account. Some banks will not charge the monthly fees if direct deposit is used.

Fees ³/₄ Financial institutions charge different fees for different services. For example, a monthly maintenance fee might be charged for keeping your account open. In addition, you might also be charged a penalty fee if you misuse your account, such as by bouncing a check.

Example:

One of the participants in an earlier class used a check-cashing store to cash her checks. She cashed four checks a month and was charged \$5 each time. That means she paid \$20 a month (4 x \$5) or \$240 a year (\$20 x 12) just to cash her 5 checks.

In comparison, another participant had an account at a bank that charged a monthly fee of \$5, which included 8 free checks per month and free use of the ATM. Additionally, ordering a box of 100 checks cost her about \$18, since she purchased the checks through the bank.

In this case, using a checking account for one year cost her \$78 (\$5 x 12 = \$60 + \$18 = \$78). In one year, she saved \$162 (\$240 - \$78) by using a checking account instead of a check-cashing store.

Interest ³/₄ Interest is the extra money in your account that the bank pays you for keeping your money. One of the main advantages of having a deposit account is the interest you earn.

Loan Officer ³/₄ The loan officer is the person who takes applications for loans offered at the bank. The officer can answer your questions, provide written information explaining loan products and help you fill out a loan application.

Loans ³/₄ A loan is money you borrow from a bank with a written promise to pay it back later. Banks charge you fees and interest. This is extra money you pay to borrow the money. You can talk to the customer service representative for more information about loans offered at a bank.

Money Order ³/₄ A money order is similar to a check. It is used to pay bills or make purchases in cases where cash is not accepted. Many businesses sell money orders for a fee. If you need to use a money order, it is best to shop around for the best price.

Non-Deposit Products ³/₄ Many banks also offer non-deposit products and services not insured by the FDIC. Stocks, bonds, and mutual funds are examples of non-deposit investment products.

Bank personnel are supposed to provide a written explanation that the FDIC does not insure these products and the money you invest might lose value. You can find out more about these non-deposit products at your bank.

Savings Account $\frac{3}{4}$ A savings account is an account that earns interest. You can open a savings account with a few dollars, but you might pay a monthly fee if your balance is below a certain amount. Some banks will give you a booklet called a “passbook” to keep track of your money.

Telephone Banking $\frac{3}{4}$ A bank service which allows you to:

- Check account balances
- Transfer money between accounts
- Obtain account history, such as most recent deposits or withdrawals
- Stop payment on a check
- Obtain information on branch hours or other information
- Report lost, stolen, or damaged credit, debit, or ATM cards

Teller $\frac{3}{4}$ The teller is the person behind the counter who takes money, answers questions, cashes checks, or refers you to the person who can help you. Tellers are the main contact people at the bank. You can go to any teller in the bank.

Thrift $\frac{3}{4}$ A thrift is a savings bank or savings and loan association that is similar to a bank. Thrifts were created to promote homeownership and must have a majority of their assets in housing-related loans.

Wire Transfer $\frac{3}{4}$ A wire transfer is a method of electronically transferring money from one bank to another.

Withdrawal $\frac{3}{4}$ A withdrawal is the process of taking money from you bank account. You do this by writing a check, using an ATM, or by giving a teller a withdrawal slip. A withdrawal slip looks similar to a deposit slip, except you are taking money out rather than adding money to your account.

You need to be sure you do not withdraw more money than you have in your account. If you do, you will be overdrawn, or bounce a check and be charged a fee.

For Further Information

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Indianapolis, Indiana 46204-2759

(317) 232-3955

Email: dkaye@dfi.state.in.us

Web Site: <http://www.dfi.state.in.us>

Banking/Investment Web Sites:

<http://www.dfi.state.in.us/conscredit/CIbanking.htm>

Federal Deposit Insurance Corporation (FDIC)

Division of Compliance and Consumer Affairs

550 17th Street, NW

Washington, DC 20429

1-877-275-3342

Email: consumer@fdic.gov

Web Site: <http://www.fdic.gov>

Course Evaluation – Bank On It

Instructor: _____ Date: _____

Thank you for your participation in this course. Your responses will help us improve the training for future participants. Please circle the number that shows how much you agree with each statement. Then answer the questions at the bottom of this form. If you have any questions, please feel free to ask your instructor.

	Strongly Disagree	Disagree	Agree	Strongly Agree
1. The course was interesting and kept my attention.	1	2	3	4
2. The examples in the course were clear and helpful.	1	2	3	4
3. The activities in the course helped me understand the information.	1	2	3	4
4. The slides were clear and easy to follow.	1	2	3	4
5. The take-home materials were easy to read and useful to me.	1	2	3	4
6. The instructor presented the information clearly and understandably.	1	2	3	4
7. The information / skill taught in the course is useful to me	1	2	3	4
8. I am confident that I can use the information / skill on my own.	1	2	3	4
9. I am satisfied with what I learned from this course.	1	2	3	4

What was the most helpful part of this course?

What was the least helpful part of this course?

Would you recommend this course to others?

Any comments or suggestions?

What Do You Know – Bank On It

Instructor: _____ Date: _____

This form will allow you and the instructor to see what you know about banking basics both before and after the class. Read each statement below. Please circle the number that shows how much you agree with each statement.

Before-the-Course After-the-Course

I know:

	Before-the-Course				After-the-Course			
	Strongly Disagree	Disagree	Agree	Strongly Agree	Strongly Disagree	Disagree	Agree	Strongly Agree
1. The major types of insured financial institutions.	1	2	3	4	1	2	3	4
2. Basic banking terms.	1	2	3	4	1	2	3	4
3. The difference between banks and check-cashing services.	1	2	3	4	1	2	3	4
4. Bank employees and their jobs.	1	2	3	4	1	2	3	4
5. The types of accounts.	1	2	3	4	1	2	3	4
6. Banking services.	1	2	3	4	1	2	3	4

NOTES

NOTES

Brochures

The following are Brochures created by the Indiana Department of Financial Institutions on subjects covered in this course.

Automated Teller Machines or 24-hour Tellers are electronic terminals that permit you to bank at almost any time of the day or night. To withdraw cash, make deposits, or transfer funds between accounts, you generally insert a special ATM card and enter your personal identification number (PIN).

An access device is a card, code, or other means of gaining access to your account for the purpose of initiating electronic fund transfers. The means may vary from institution to institution, but most use a **PIN** for this purpose. This unique number should be known only to you and to select employees of the financial institution.

Before you contract for electronic funds transfer services or make your first electronic transfer, the institution is required to disclose to you the following information in a form you can keep.

- ◆ A summary of your liability for unauthorized transfers.
- ◆ The telephone number and address of the person to be notified when you believe that an unauthorized transfer has been or may be made, along with a statement of the institution's "business days." This information will tell you the number of days you have to report suspected unauthorized transfers.
- ◆ The type of transfers you can make, the amount of any charges for transfers, and any limitations on the frequency and dollar amount of transfers.
- ◆ A summary of your right to receive documentation of transfers, of your right to stop payment on a pre-authorized transfer, and the procedures to follow to stop payment.
- ◆ A notice describing the procedures you must follow to report an error on a receipt for an EFT, how to request more information about a transfer listed on your statement, and the time period in which you must make your report.
- ◆ A summary of the institution's liability to you if it fails to make or stop certain transactions.
- ◆ Circumstances under which the institution will disclose information to third parties concerning your account.

In addition to these disclosures, you will receive for most transactions two other types of important papers -- **terminal receipts and periodic statements**. (Separate rules apply to passbook accounts from which pre-authorized transfers are drawn. Your contract for that account is the best source of information about those rules.) You are entitled to a terminal receipt each time you initiate an electronic transfer, whether you use an ATM or make a point-of-sale electronic transfer. Among other things, the receipt must show the date and the amount of the transfer and the type of the transfer, such as "transfer from savings to checking." When you make a point-of-sale transfer, you probably will get your terminal receipt from the salesperson. If you make a withdrawal from a

cash-dispensing machine that cannot issue receipts, the institution is required to mail you a receipt on the next business day following the transfer.

NEW PROVISIONS TO THE ELECTRONIC FUNDS TRANSFER ACT

ATM operators that impose a fee for providing electronic fund transfer services must post a notice in a prominent and conspicuous location on or at the ATM. The operator must also disclose that a fee will be imposed and the amount of the fee, either on the screen of the machine or on a paper notice, before the consumer is committed to completing the transaction. In addition, when the consumer contracts for an electronic fund transfer service, financial institutions are required to provide initial disclosures, including a notice that a fee may be imposed for electronic fund transfers initiated at an ATM operated by another entity.

You also are entitled to a periodic statement for each statement cycle in which an electronic transfer is made. This statement must show, among other things, the amount of any transfer, the date it was credited or debited to your account, the type of transfer and type of account(s) to or from which funds were transferred, and the address and telephone number to be used for inquiries. You are entitled to a quarterly statement even if you made no electronic transfers within that quarter.

Keep and compare your EFT receipts with your periodic statements each month in the same way you compare your credit card invoices with your monthly credit card statement or your checks against your monthly bank statements. Doing so will enable you to make the best use of your rights under federal law to dispute errors and avoid liability for unauthorized transfers.

ERRORS

You have 60 days from the date a problem or error appears on your periodic statements or terminal receipt to notify your financial institution. The best way to protect yourself in the event of an error (or a lost or stolen ATM or EFT card) is to notify the issuer by certified letter, return receipt requested, so you can prove that the institution received your letter. Keep a copy of the letter you send for your records.

After notification about an error on your statement, the institution has 10 business days to investigate and tell you the results. If the institution needs more time, it may take up to 45 days to complete the investigation -- but only if the money in dispute is returned to your account and you are notified promptly of the credit. At the end of the investigation, if no error is found, the institution may take the money back, if it sends you a written explanation.

If you fail to notify the institution of the error within 60 days, you may have little recourse. Under federal law, the institution has no obligation to conduct an investigation if you have missed the 60-day deadline.

If your failure to notify the institution within the time periods allowed was due to an extenuating circumstance, such as lengthy travel or illness, the issuer must extend the time period for notification to what is reasonable. Also, if state law or your contract imposes lower liability limits, those lower limits apply instead of the limits in the federal EFT Act.

LOST OR THEFT OF ATM CARD

After reporting the loss or theft of your ATM card, you are not liable for additional unauthorized transfers that may be made. Because these unauthorized transfers may appear on your statements, however, you should carefully review each statement you receive after you report the loss or theft. If the statement shows transfers that you did not make or that you need more information about, contact the institution immediately, using the special procedures provided for reporting errors.

If you report an ATM card missing *before* it's used without your permission, the EFTA says the card issuer cannot hold you responsible for any unauthorized withdrawals. If unauthorized use occurs before you report it, the amount you can be held liable for depends upon how quickly you report the loss. For example, if you report the loss within two business days after you realize your card is missing, you will not be responsible for more than \$50 for unauthorized use.

However, if you don't report the loss within two business days after you discover the loss, you could lose up to \$500 because of an unauthorized withdrawal. You risk *unlimited* loss if you fail to report an unauthorized transfer or withdrawal within 60 days after your bank statement is mailed to you. That means you could lose all the money in your bank account and the unused portion of your line of credit established for overdrafts.

If unauthorized transactions show up on your bank statement, report them to the card issuer as quickly as possible. Once you've reported the loss of your ATM card, you cannot be held liable for additional amounts, even if more unauthorized transactions are made.

LIMITED STOP-PAYMENT PRIVILEGES

When you use an electronic fund transfer, the EFT Act does not give you the right to stop payment. If your purchase is defective or if your order is not delivered, it is up to you to resolve the problem with the seller and get your money back -- just as if you had paid cash.

There is one situation, however, in which you can stop payment. If you have arranged regular payments out of your account to third parties, such as life insurance companies, you can stop payment if you notify your institution at least three business days before the scheduled transfer. The notice may be oral or written, but the institution may require a written follow-up to be made within 14 days of the oral notice. Your failure to provide the written follow-up ends the institution's responsibility to stop payment. This right to stop payment does not apply to mortgage

or loan payments you owe to the institution that issued the EFT access device.

Although federal law provides only limited rights to stop payment, individual financial institutions may offer more rights or state laws may require them. If this feature is important to you, you may want to shop around to be sure you are getting the best "stop payment" terms available.

Protecting Your Cards

The best protections against card fraud are to know where your cards are at all times and to keep them secure. For ATM card protection, it's important to keep your Personal Identification Number (PIN) a secret. Don't use your address, birth date, phone or social security number. Memorize the number. Statistics show that in one-third of ATM card frauds, cardholders wrote their PINs on their ATM cards or on slips of paper kept with their cards.

The following suggestions may help you protect your ATM card accounts.

- Don't carry your PIN in your wallet or purse or write it on your ATM card.
- Never write your PIN on the outside of a deposit slip, an envelope, or on a postcard.
- Take your ATM receipt after completing a transaction.
- Reconcile all ATM receipts with bank statements as soon as possible.

USING YOUR ATM CARD

ATM cards linked to the PLUS or CIRRUS networks, give you the option of using it to obtain cash virtually anywhere in the U.S. and in over 120 countries worldwide. The CIRRUS Network currently has over 465,000 ATMs worldwide; and the PLUS has 531,000.

When you plan to use your ATM card, make sure that the Cirrus or PLUS networks are readily available where you're going. While Cirrus and PLUS ATMs are increasingly common worldwide, they are still only available at a limited number of banks in selected countries. Your bank should be able to give you a listing of all ATMs available. CIRRUS users can also call (800) 424-7787 for a current list of locations worldwide. The PLUS system has a toll-free ATM locator as well at (800) 843-7587 which lists only U.S. and Canadian ATM locations.

The PLUS network is associated with VISA so your VISA card will usually work at those ATMs as well and vice versa. The Cirrus network is associated with Mastercard and Cirrus ATMs usually accept Mastercard for cash advances and vice versa.

Both CIRRUS and PLUS have ATM locators online as well: [Mastercard/Cirrus ATM Locator](#) [Visa ATM Locator](#)

Using Your Card Overseas

If you want to use your ATM card overseas, keep in mind that many ATMs abroad, particularly in Europe, do not accept PINs that are longer than **four** digits. If your PIN is longer, you can go to your local bank and have it changed. If your PIN is based on letters rather than numbers, translate the letters into numbers before leaving the country. Most ATMs only had numbers on the keypad. Also, keep in mind that most ATMs abroad will only let you access the primary account on your ATM card.

Cirrus and PLUS ATMs overseas work very much like they work at home. You will probably be charged the same transaction fee, if any, that your bank charges you when using other bank's ATMs. However, you should check with your bank before using your ATM card at non-branch ATMs or abroad. ATM transaction fees are becoming more commonplace and increasingly surcharges are being imposed by both the customer's bank and the ATM's owner as well. Some banks are reportedly charging as much as \$5 per transaction for the use of overseas ATMs, however, most banks have much more reasonable fees.

The biggest advantage of exchanging money with your ATM card is that all cash withdrawals, regardless of size, are exchanged based on the wholesale exchange rate which is usually reserved only for very large interbank exchanges. This rate is often 2-5% better than what you can get from exchanging traveler's checks at a local exchange counter. In addition, local banks or money change bureaus will add on transaction fees which can easily eat up another 2% of your money.

Tips For ATM Usage at Home and Abroad

- Observe your surroundings - if the machine is poorly lit, or is in a hidden area, use another location.
- Make sure that no one waiting behind you can see you entering your PIN number.
- Don't count your cash while standing at the ATM.
- If you are using an indoor ATM that requires your card to open the door, avoid letting anyone come in with you that you do not know.
- Do not throw away your receipt at the ATM, take it with you.
- If you lose your Visa card or your ATM card, contact the financial institution that issued your card immediately.



ATM CARDS



DEPARTMENT OF FINANCIAL INSTITUTIONS

Consumer Credit Division
402 West Washington Street, Room W066
Indianapolis, Indiana 46204
317-232-3955
1-800-382-4880
Web Site <http://www.dfi.state.in.us>



As debit cards become increasingly popular, strains are appearing among customers, merchants, and banks.

The problems range from difficulties when the cards are lost or stolen to complaints from merchants that the fees to accept these cards are too high.

Not All Plastic is Created Equal

New car rental rules represent the first case in which debit cards cannot be used in the same way as credit cards. The big car rental companies, including Hertz and Avis, have recently stopped letting people rent cars using just a Visa Check card or the similar MasterCard Money card from MasterCard. The card companies, and the banks that issue these cards - known as debit cards - are furious. And so are some customers.

For years, the car rental companies have used possession of a credit card as a crude way to weed out potentially risky renters, just as they have usually ruled out renters under the age of 25. But this test does not work with debit cards because banks will now give them to nearly any one with a bank account.

Charges on debit cards, which go under many names, come directly out of a consumer's checking account almost immediately rather than appearing on a monthly credit card statement. In contrast to using a credit card, which the debit

card physically resembles, no loan is involved in the transaction.

Debit cards "provide no qualification of credit-worthiness," a Hertz spokesperson said. Car rental companies believe they are entitled to a certain level of confidence because in car rental, unlike almost any other business, the customer is given total control of a vehicle with an approximate value of \$20,000.

The rental car companies are requiring a customer with only a debit card to follow the same procedures as someone who pays cash to rent a car. That involves making an application several weeks in advance and leaving a substantial deposit.

Higher Fees?

The new debit cards have become more popular because they are easier to use and more widely accepted than those that require personal identification numbers. Moreover, for the tens of millions of Americans who do not qualify for a credit card, the cards are their first opportunity to put a card with a MasterCard or Visa label in their wallets.

Until recently, such cards also provided the easiest way for such individuals, many of whom have had financial troubles, to rent a car or buy merchandise over the phone.

Banks like the debit cards because transactions on them are less costly to process than paper checks. Also, some banks charge customers a fee for the cards. And for the MasterCard and Visa versions, banks receive a fee from merchants of about one percent of the purchase price.

Retailers, though, have become increasingly unhappy about the growth of these debit cards precisely because they do not want to pay the fee.

Confusingly, a single card can have both a Visa or MasterCard logo and the mark of an automated teller machine network like NYCE or MAC. If a signature is used, rather than a personal identification number, the fee paid by the merchant is higher.

The credit card companies say the higher fee is justified because of the greater risk. Even though both types of transactions involve electronic verification of the amount of money in the consumer's checking account, the card companies say their experience has been that the signature method results in more overdrafts.

For consumers, the debit cards also carry a little more risk. If the card is stolen, a thief can go on a spending spree with the money in the customer's checking account.

Federal law limits liability to \$50 if the cardholder notifies the bank within two days of discovering the missing card. But the bank has up to 20 days to put the money back into the checking account.

See our Brochure on Credit and ATM Cards.



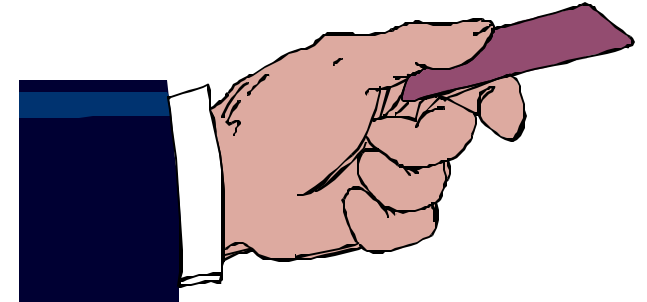
The Indiana Department of Financial Institutions, Division of Consumer Credit has many other credit related brochures available, such as:

- Answers to Credit Problems
- Applying for Credit
- At Home Shopping Rights
- Bankruptcy Facts
- Buried in Debt
- Car Financing Scams
- Charge Card Fraud
- Choosing A Credit Card
- Co-Signing
- Credit and Divorce
- Credit and Older Consumers
- Deep in Debt?
- Equal Credit Opportunity
- Fair Credit Reporting
- Fair Debt Collection
- Gold Cards
- Hang up on Fraud
- High Rate Mortgages
- Home Equity Credit Lines
- How to Avoid Bankruptcy
- Indiana Uniform Consumer Credit Code
- Look Before you Lease
- Mortgage Loans
- Repossession
- Reverse Mortgage Loans
- Rule of 78s – What is it?
- Scoring for Credit
- Shopping for Credit
- Using Credit Cards
- Variable Rate Credit
- What is a Budget?
- What is the DFI?

Call our toll-free number or write to the address on the cover for a copy of any of the brochures listed or for further consumer credit information. You can also access information at our web site on the Internet: <http://www.dfi.state.in.us>, then click on Consumer Credit.



DEBIT VS. CREDIT CARDS



DEPARTMENT OF FINANCIAL INSTITUTIONS

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Web Site <http://www.dfi.state.in.us>



FAST FACTS

- ◆ Electronic banking, also known as electronic fund transfer (EFT), uses computer and electronic technology as a substitute for checks and other paper transactions.
- ◆ An access device is a means of gaining access to your account, such as a card or a code, for the purpose of initiating EFTs. Most institutions use a personal identification number (PIN) for this purpose.
- ◆ Take care of your EFT card. Know where it is at all times and report its loss as soon as possible.
- ◆ Choose a PIN different from your address, telephone number, social security number, or birth date.
- ◆ Keep and compare your EFT receipts with your periodic statements so that you can find and promptly report errors and unauthorized transfers. Prompt reporting is necessary to limit your liability for these problems.

To most of us, electronic banking means having 24-hour access to cash through an automated teller machine (ATM) or having our paychecks deposited directly into our checking or savings accounts. But electronic banking offers several other services that you may find useful.

This brochure lists types of consumer transactions that are covered under the federal Electronic Fund Transfer Act (EFT Act), discusses the information financial institutions must disclose, explains what you can do if you find errors on your monthly statements, discusses your liability if your ATM card is lost or stolen, and describes your limited stop-payment privileges.

ELECTRONIC FUND TRANSFERS

Electronic banking, also known as electronic fund transfer (EFT), uses computer and electronic technology as a substitute for checks and other paper transactions. Because EFTs are so convenient, you may wish to know the full range of their services.

Automated Teller Machines or 24-hour Tellers are electronic terminals that permit you to bank at almost any time of the day or night. To withdraw cash, make deposits, or transfer funds between accounts, you generally insert a special ATM card and enter your personal identification number (PIN).

Direct Deposits or Withdrawals allow you to authorize specific deposits such as paychecks and social security checks to go directly to your account on a regular basis. You also can arrange to have recurring bills, such as insurance premiums and utility bills, paid automatically. This service applies only if you authorize transactions in advance.

Pay-by-Phone Systems permit you to telephone your bank (or other financial institutions) with instructions to pay certain bills or to transfer funds between accounts. You must have an agreement in advance with the financial institution to make such transfers.

Point-of-Sale Transfers allow you to pay for retail purchases with an EFT (or "debit") card. This is similar to using a credit card, but with one important exception -- the money for the purchase is transferred immediately (or soon thereafter) from your bank account to the store's account. Both MasterCard and Visa, among others, offer debit cards that can be used at participating retailers, and an increasing number of merchants are accepting this type of payment. For example, these transfers are becoming more common at grocery stores, oil companies, and convenience stores. However, because point of sale transfers are still relatively new, they might not yet be widely available at retailers in your region of the country.

DISCLOSURES

The best way to understand your legal rights and responsibilities regarding your EFT account is to read the documents you receive from the financial institution that issued you the "access device." An access device is a card, code, or other means of gaining access to your account for the purpose of initiating electronic fund transfers. The means may vary from institution to institution, but most use a PIN for this purpose. This unique number should be known only to you and to select employees of the financial institution.

Before you contract for EFT services or make your first electronic transfer, the institution is required to disclose to you the following information in a form you can keep.

- ◆ A summary of your liability for unauthorized transfers.
- ◆ The telephone number and address of the person to be notified when you believe that an unauthorized transfer has been or may be made, along with a statement of the institution's "business days." This information will tell you the number of days you have to report suspected unauthorized transfers.
- ◆ The type of transfers you can make, the amount of any charges for transfers, and any limitations on the frequency and dollar amount of transfers.
- ◆ A summary of your right to receive documentation of transfers, of your right to stop payment on a pre-authorized transfer, and the procedures to follow to stop payment.
- ◆ A notice describing the procedures you must follow to report an error on a receipt for an EFT, how to request more information about a transfer listed on your statement, and the time period in which you must make your report.
- ◆ A summary of the institution's liability to you if it fails to make or stop certain transactions.
- ◆ Circumstances under which the institution will disclose information to third parties concerning your account.

In addition to these disclosures, you will receive for most transactions two other types of important papers -- terminal receipts and periodic statements. (Separate rules apply to passbook accounts from which pre-authorized transfers are drawn. Your contract for that account is the best source of information about those rules.) You are entitled to a terminal receipt each time you initiate an electronic transfer, whether you use an ATM or make a point-of-sale electronic transfer. Among other things, the receipt must show the date and the amount of the transfer and the type of the transfer, such as "transfer from savings to checking." When you make a point-of-sale transfer, you probably will get your terminal receipt from the salesperson. If you make a withdrawal from a cash-dispensing machine that cannot issue receipts, the institution is required to mail you a receipt on the next business day following the transfer.

New provisions to the EFTA, effective immediately, compliance mandatory as of October 1, 2001, require ATM operators that impose a fee for providing electronic fund transfer services to post a notice in a prominent and conspicuous location on or at the ATM. The operator must also disclose that a fee will be imposed and the amount of the fee, either on the screen of the machine or on a paper notice, before the consumer is committed to completing the transaction. In addition, when the consumer contracts for an electronic fund transfer service, financial institutions are required to provide initial disclosures, including a notice that a fee may be imposed for electronic fund transfers initiated at an ATM operated by another entity.

You also are entitled to a periodic statement for each statement cycle in which an electronic transfer is made. This statement must show, among other things, the amount of any transfer, the date it was credited or debited to your account, the type of transfer and type of account(s) to or from which funds were transferred, and the address and telephone number to be used for inquiries. You are entitled to a quarterly statement even if you made no electronic transfers within that quarter.

Keep and compare your EFT receipts with your periodic statements each month in the same way you compare your credit card invoices with your monthly credit card statement or your checks against your monthly bank statements. Doing so will enable you to make the best use of your rights under federal law to dispute errors and avoid liability for unauthorized transfers.

ERRORS

You have 60 days from the date a problem or error appears on your periodic statements or terminal receipt to notify your financial institution. The best way to protect yourself in the event of an error (or a lost or stolen ATM or EFT card) is to notify the issuer by certified letter, return receipt requested, so you can prove that the institution received your letter. Keep a copy of the letter you send for your records.

After notification about an error on your statement, the institution has 10 business days to investigate and tell you the results. If the institution needs more time, it may take up to 45 days to complete the investigation.

-- but only if the money in dispute is returned to your account and you are notified promptly of the credit. At the end of the investigation, if no error is found, the institution may take the money back, if it sends you a written explanation.

If you fail to notify the institution of the error within 60 days, you may have little recourse. Under federal law, the institution has no obligation to conduct an investigation if you have missed the 60-day deadline.

If your failure to notify the institution within the time periods allowed was due to an extenuating circumstance, such as lengthy travel or illness, the issuer must extend the time period for notification to what is reasonable. Also, if state law or your contract imposes lower liability limits, those lower limits apply instead of the limits in the federal EFT Act.

After reporting the loss or theft of your ATM card, you are not liable for additional unauthorized transfers that may be made. Because these unauthorized transfers may appear on your statements, however, you should carefully review each statement you receive after you report the loss or theft. If the statement shows transfers that you did not make or that you need more information about, contact the institution immediately, using the special procedures provided for reporting errors.

LIMITED STOP-PAYMENT PRIVILEGES

When you use an electronic fund transfer, the EFT Act does not give you the right to stop payment. If your purchase is defective or if your order is not delivered, it is up to you to resolve the problem with the seller and get your money back -- just as if you had paid cash.

There is one situation, however, in which you can stop payment. If you have arranged regular payments out of your account to third parties, such as life insurance companies, you can stop payment if you notify your institution at least three business days before the scheduled transfer. The notice may be oral or written, but the institution may require a written follow-up to be made within 14 days of the oral notice. Your failure to provide the written follow-up ends the institution's responsibility to stop payment. This right to stop payment does not apply to mortgage or loan payments you owe to the institution that issued the EFT access device.

Although federal law provides only limited rights to stop payment, individual financial institutions may offer more rights or state laws may require them. If this feature is important to you, you may want to shop around to be sure you are getting the best "stop payment" terms available.

SUGGESTIONS

If you decide to become an EFT user, remember the following precautions.

- ◆ Take care of your EFT card. Know where it is at all times and report its loss as soon as possible.

- ◆ Choose a PIN different from your address, telephone number, social security number, or birth date. Choosing a different number will make it more difficult for a thief to use your EFT card.

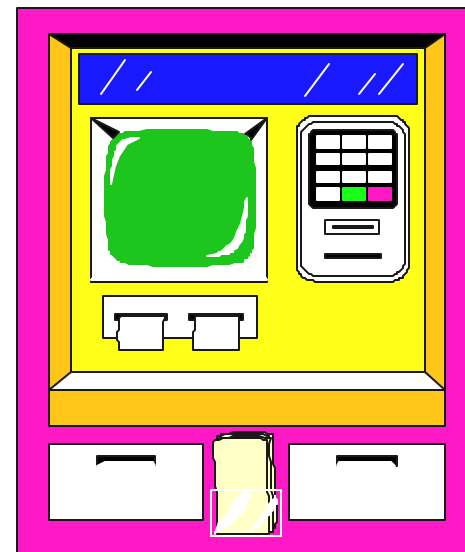
- ◆ Keep and compare your EFT receipts with your periodic statements so that you can find and promptly report errors and unauthorized transfers.

If you believe the institution that issued your EFT access device has failed to fulfill its responsibilities to you under the EFT Act, in addition to informing the issuer, you may wish to complaint to the federal agency that has enforcement jurisdiction over that issuer

The Indiana Department of Financial Institutions, Division of Consumer Credit has many other credit related brochures available, such as:

Answers to Credit Problems
Applying for Credit
At Home Shopping Rights
Bankruptcy Facts
Buried in Debt
Car Financing Scams
Charge Card Fraud
Choosing A Credit Card
Co-Signing
Credit and Divorce
Credit and Older Consumers
Deep in Debt?
Equal Credit Opportunity
Fair Credit Reporting
Fair Debt Collection
Gold Cards
Hang up on Fraud
High Rate Mortgages
Home Equity Credit Lines
How to Avoid Bankruptcy
Indiana Uniform Consumer Credit Code
Look Before you Lease
Mortgage Loans
Repossession
Reverse Mortgage Loans
Rule of 78s -- What is it?
Scoring for Credit
Shopping for Credit
Using Credit Cards
Variable Rate Credit
What is a Budget?
What is the DFI?

ELECTRONIC BANKING



DEPARTMENT OF FINANCIAL INSTITUTIONS

Consumer Credit Division
402 West Washington Street, Room W066
Indianapolis, Indiana 46204
317-232-3955
1-800-382-4880
Web Site <http://www.dfi.state.in.us>



If you have a complaint about a bank or other financial institution, the Federal Reserve System might be able to help you. The Federal Reserve is responsible for carrying out many of the federal laws that protect consumers in their dealings with financial institutions. The Board of Governors, located in Washington, D.C., works with the twelve Federal Reserve Banks around the country to make certain the commercial banks that the Federal Reserve supervises abide by these laws.

They can help individual consumers by:

- ◆ Answering questions about banking practices, and
- ◆ Investigating complaints about specific banks under their supervisory jurisdiction. Complaints about financial institutions that are not supervised by the Federal Reserve System are referred to the appropriate federal agency.

WHAT KINDS OF COMPLAINTS ARE INVESTIGATED?

As a federal regulatory agency, the Federal Reserve System investigates consumer complaints received against state chartered banks that are members of the System. If you think a bank has been unfair or deceptive in its dealings with you, or has violated a law or regulation, as a consumer you have the right to file a complaint. The major consumer protection laws covering financial services are described later.

The Federal Reserve is particularly concerned that state member banks comply with federal laws and regulations that prohibit discrimination in lending. In such cases, additional steps are taken to ensure that your complaint is promptly and thoroughly investigated. In addition, complaints alleging discrimination in housing that are covered by the Fair Housing Act are referred to the U.S. Department of Housing and Urban Development.

HOW TO FILE A COMPLAINT

Before writing or calling the Federal Reserve, we encourage consumers to try to settle the problem with the financial institution first. This may involve directly contacting senior bank management or the bank's customer service representative for assistance. If you are still unable

to resolve the problem, you may file a written complaint with the Federal Reserve including the following information:

- ◆ Your name, address, and daytime telephone number, including area code;
- ◆ Name and address of the bank involved in your complaint or inquiry;
- ◆ Your bank or credit card account number;
- ◆ The name of the person you contacted at the bank, along with the date, if applicable;
- ◆ Description of the complaint. State what happened, giving the dates involved and the names of those you dealt with at the bank. Include copies of any letters or other documents that may help them to investigate your complaint. Please do not send original documents, copies are preferred; remember to sign and date your letter.

It's important to give the Federal Reserve System as much information about the problem as possible; this will assist them in providing a quicker response to you.

WHERE TO SEND COMPLAINTS

Send Complaints to:

Board of Governors of the Federal Reserve System
Division of Consumer and Community Affairs
20th and C Streets, N.W., Stop 198
Washington, DC 20551

For further information you may call us at
(202) 452-3693

WHAT WILL THE FEDERAL RESERVE DO?

Consumer complaints filed against state member banks are investigated by the 12 regional Federal Reserve Banks. Once they receive your complaint, it will be reviewed by

their consumer affairs staff who will contact the bank about your concern.

The Reserve Bank will investigate each issue raised in your letter and ask the bank involved for information and records in response to your complaint. If additional information is needed, they will contact you by telephone or in writing.

The Reserve Bank will analyze the bank's response to your complaint to ensure that your concerns have been addressed and will send a letter to you about their findings. If the investigation reveals that a federal law or regulation has been violated, they will inform you of the violation and the corrective action the bank has been directed to take.

Although the Federal Reserve investigates all complaints involving the banks it regulates, it does not have the authority to resolve all types of problems. For example, they are unable to resolve contractual disputes, undocumented factual disputes between a customer and a bank, or disagreements about bank policies and procedures. These matters are usually determined by bank policy and are not addressed by federal law or regulation.

In many instances, however, filing a complaint may result in a bank's voluntarily working with you to resolve your situation. If, however, the matter is not resolved, the Federal Reserve will advise you whether a violation of law has occurred or whether you should consider legal counsel to resolve your complaint.



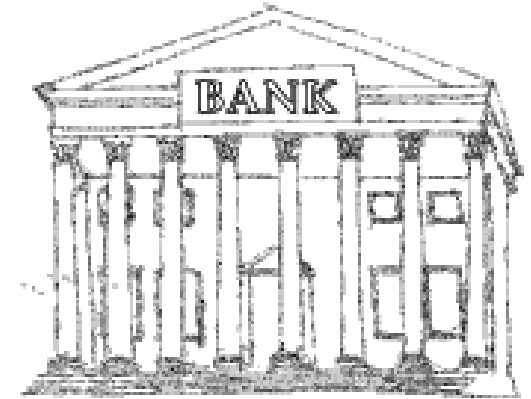
The Indiana Department of Financial Institutions, Division of Consumer Credit has many other credit related brochures available, such as:

- Answers to Credit Problems
- Applying for Credit
- At Home Shopping Rights
- Bankruptcy Facts
- Buried in Debt
- Car Financing Scams
- Charge Card Fraud
- Choosing A Credit Card
- Co-Signing
- Credit and Divorce
- Credit and Older Consumers
- Deep in Debt?
- Equal Credit Opportunity
- Fair Credit Reporting
- Fair Debt Collection
- Gold Cards
- Hang up on Fraud
- High Rate Mortgages
- Home Equity Credit Lines
- How to Avoid Bankruptcy
- Indiana Uniform Consumer Credit Code
- Look Before you Lease
- Mortgage Loans
- Repossession
- Reverse Mortgage Loans
- Rule of 78s – What is it?
- Scoring for Credit
- Shopping for Credit
- Using Credit Cards
- Variable Rate Credit
- What is a Budget?
- What is the DFI?

Call our toll-free number or write to the address on the cover for a copy of any of the brochures listed or for further consumer credit information. You can also access information at our web site on the Internet: <http://www.dfi.state.in.us>, then click on Consumer Credit.



HOW TO FILE A CONSUMER COMPLAINT AGAINST A BANK



DEPARTMENT OF FINANCIAL INSTITUTIONS

Consumer Credit Division
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Indianapolis, Indiana 46204
317-232-3955
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